

ANNUAL REPORT

2016



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

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CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

Hon. Michael Mischin MLC
Attorney General; Minister for Commerce
10th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Minister

In accordance with section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the Annual Report of the Construction Industry Long Service Leave Payments Board for the financial year ending 30 June 2016.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

A handwritten signature in blue ink, appearing to read "E. Gibbs".

Ms E. Gibbs
Chair

Date: 17 AUG 2016

A handwritten signature in blue ink, appearing to read "M. Melan".

Member of the Board

Date: 17.8.2016

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Directory

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

OFFICE:	3rd Floor, 50 Colin Street, WEST PERTH, 6005
POSTAL ADDRESS:	PO Box 1333, WEST PERTH, 6872
WEB ADDRESS:	www.myleave.wa.gov.au
EMAIL:	hi@myleave.wa.gov.au
TELEPHONE:	08 9476 5400
FACSIMILE:	08 9321 5404
BANKERS:	Bank of Western Australia Limited
ACTUARY:	Pricewaterhouse Coopers
AUDITORS:	Auditor-General's Office
BUSINESS HOURS:	8.30 am to 5.00 pm Monday to Friday
PUBLICATIONS:	Pamphlets and other material explaining the Scheme are available from the Board's Office and the Board's web site.

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OVERVIEW

Executive Summary

In the financial year ending 30 June 2016 MyLeave maintained its fully funded position with a sound Balance Sheet accounting ratio of 125% (assets/liabilities). Also, MyLeave continued to record significant growth in the underlying key area of payments to workers. Activity across other areas remained strong despite softening in construction industry activity since 2013.

In May 2016 the MyLeave team relocated to new office accommodation at Level 3, 50 Colin St West Perth. After 25 years at Level 1, 26 Colin St West Perth and with attractive rental pricing available, it was the right time to relocate. The new office fit out was completed within budget and on time and the physical move was undertaken without any hitches and with only one day of IT and phone system disruption.

With many employers feeling the adverse impact of the industry softening, the reduction in the contribution levy rate to 1.35% (-0.15%) from 1 January 2016 was well received by employers. MyLeave was pleased to be able to reduce the levy in line with its sound Balance Sheet which has been restored following the Global Financial Crisis in 2008 / 2009. The reduction to 1.35% represents the fourth levy reduction since 2011.

Contribution Levy (from 1 January)	2011	2012	2013	2014	2015	2016
Percentage	2.25% (n/c)	2.00% (-0.25%)	2.00% (n/c)	1.90% (-0.10%)	1.50% (-0.40%)	1.35% (-0.15%)

Notwithstanding that the industry activity peak has now passed, key performance statistics show the significant industry coverage by MyLeave. Statistics, relating to workers, over recent years show:

Workers	2013	2014	2015	2016
Total Registered	120 259 (not applicable)	131 517 (+9%)	130 151 (-1%)	127 941 (-2%)
Total contributed for (average per quarter)	76 748 (+10%)	74 384 (-3%)	76 271 (+2%)	76 592 (nom)
Total days of service (average per quarter)	3 421 618	3 293 582	3 299 286	3 296 013
Number of benefits paid	3 112	3 540	3 910	5 100
Value of benefits paid	\$24.8M	\$29.1M	\$30.9M	\$39.6M

The above data highlights significant growth in registered workers between 2013 and 2014 and then the subsequent reduction of registered worker numbers (on a net basis). In the short / medium term the total number of registered workers will continue to be impacted by the deregistration of workers, who in the peak activity period entered the construction industry for a brief time, and subsequently left before reaching an entitlement. In terms of the Act, workers are allowed a break in service of 2, or 4, years (depending upon accrued days of service) before being deregistered.

**Number of
days of service
recorded has
plateaued**

Whilst the total number of registered workers is relevant, it is very important to consider the average number of workers in the construction industry contributed for each quarter, plus, the number of days of service recorded for those active workers. As shown in the above table, the average number of workers has been reasonably steady over recent years. Furthermore, the average number of days of service recorded has also been steady.

It is apparent from the actual data submitted by employers to MyLeave that the reported industry downturn has not yet fully flowed through to MyLeave. Notwithstanding this, MyLeave is carefully monitoring quarterly return data from employers to ensure operational activities are appropriately aligned to the level, and nature, of industry activity. Workers will continue to enjoy the benefit of the portability of long service leave entitlements under the Scheme as they move, by necessity, from employer to employer.

The key purpose of MyLeave is to facilitate worker payments and the industry growth in past years has had the desirable outcome of an increase in worker payments. The increase is as a result of Scheme maturity i.e. growth over recent years. These payments reflect workers taking a long service leave break and also workers terminating in the industry due to reduced employment availability or retirement. The number of payments paid during the year totaled 5,100 which was a 30% increase on the 2015 level. The number of payments also impacted the value of long service leave entitlements paid, which was \$39.6M for the year – this was a significant increase on the 2015 payment value of \$30.9M.

MyLeave is very pleased with this significant benefit for construction industry workers which, in turn, allows workers to take a well-earned long service leave break. Furthermore, with the softening in construction industry activity the long service leave entitlement provides a financial buffer for workers who have an unintended or unanticipated break in employment activity.

In contrast to the historic growth in the total of registered workers, the average number of registered employers has not shown any material growth over recent years.

Employers	2011	2012	2013	2014	2015	2016
Total registered	4 991	4 912	4 892	4 917	5 005	5 073

During the year the Service & Compliance team at MyLeave continued with its active inspection program to ensure compliance by registered employers, plus the registration of new eligible employers. It remains MyLeave's strategy to only undertake prosecutions, or action through the WA Industrial Relations Commission ("WAIRC") as a last resort with non-compliant employers. During the year, two key matters were heard in the WAIRC. These matters were in regards to workers' compensation and work on ships (employers should liaise direct with MyLeave if potentially affected by these decisions).

In regards to the investment performance of MyLeave, it has been well reported in the media that global investment market performance in the 2016 financial year was very poor. Whilst performance was volatile throughout the year, markets were materially impacted subsequent to Britain voting, on 23 June 2016, to leave the European Union. The Brexit vote outcome prompted the worst day in global markets since the Global Financial Crisis and the full market impact of Britain leaving the European Union may not become apparent for many months. In the immediate short term the UK will be subject to the effects of a confidence shock i.e. household and business confidence down and foreign investor appetite diminished. Economic shocks will also be felt from reduced consumer spending, reduced capital expenditure, inflation and unemployment up. Longer term economic impacts will be from trade restrictions and reduced foreign investment. The market impact in Britain will, to a certain degree, affect world markets which in turn creates uncertainty and volatility.

In 2016 the annual percentage investment return recorded by MyLeave was 1.9%, which is well under the 2015 result of 10.2% and also under the long term average return of 6.9% per annum. Notwithstanding this, MyLeave Board Members acknowledge that the annual investment performance will fluctuate on a year in / year out basis and the investment portfolio is structured to accommodate, as best as possible, these performance fluctuations.

The 2016 return of 1.9% represents the seventh consecutive year of positive returns and it is important that MyLeave continues to maintain a sound Balance Sheet to address the eventuality of a significant downturn or even a moderate correction in the global investment market. With an investment portfolio of \$496M at 30 June 2016, a negative investment performance translates into a significant dollar value loss impact on MyLeave's Profit & Loss account, and therefore the Balance Sheet Equity Surplus.

The table below shows the significant year in / year out variances in annual investment returns.



The Statement of Comprehensive Income in this Annual Report details that in 2016 the level of investment income revenue was \$13.1M and the contribution from employers was \$56.0M. The contribution income reduced from the 2015 level of \$66.7M with the reasons for this being the reduced contribution levy percentage from 1 January 2016 and the underlying industry activity.

MyLeave's Mission is "To provide a financially sustainable portable Long Service Leave Scheme for eligible Western Australia construction industry employees" and MyLeave will strive to contain / reduce the contribution levy percentage as best as possible. However, the short / medium term outlook does not indicate that further reductions will be deliverable. Notwithstanding this, the levy will continue to be reviewed on an annual basis and will be structured at a level to ensure adherence to the overall Mission of MyLeave.

The table below shows the investment portfolio (including cash deposits held by MyLeave) and also the significant revenue / income impact of sound investment returns for MyLeave:

	Investment Portfolio & Income				
	2012	2013	2014	2015	2016
Total portfolio	\$253M	\$342M	\$424M	\$490M	\$496M
Investment income	\$1.2M	\$50.2M	\$48.4M	\$34.6M	\$13.1M

Strong investment portfolio growth

Whilst significant growth has been recorded in the investment portfolio, this has been necessary to align the portfolio to the Actuary's calculation of the total actuarial liability for worker payments. The investment portfolio is also required to have a financial buffer to cover global investment market downturns. The actuarial calculations are updated annually and reflect the assessment of the worker liability taking into account updated annual data including days of service and the ordinary income of workers as submitted in the quarterly returns by employers.

In conjunction with the annual update of the actuarial liability, MyLeave also undertakes (with Pricewaterhouse Coopers), each 5 years, a very detailed actuarial Experience Review. The Experience Review focusses on key industry performance areas including;

- Growth rate (of workers in the industry);
- Participation rate of workers for contribution purposes;
- Participation rate of workers for leave accrual purposes;
- Termination rates (of workers in the industry); and
- In-service rates (rate of leave taken by workers whilst in the Scheme).

The findings from this Experience Review are incorporated into the key assumptions for the subsequent short / medium term annual actuarial calculations. An Experience Review was undertaken in 2016 and the updated key assumptions are incorporated into the actuarial liability shown as at 30 June 2016. MyLeave Board Members are satisfied that the updated actuarial assumptions allow the total actuarial liability to be assessed as accurately as possible. Furthermore, Board Members will further review, on an annual basis, the key assumption of worker termination rate so that the industry transition from growth to plateauing to downturn is accurately reflected in a timely manner.

The table below shows the strong growth in the actuarial liability and in turn this actuarial liability must be reflected in the corresponding asset being the investment portfolio. The growth in the actuarial liability is shown in the table below.

	Actuarial Liability				
	2012	2013	2014	2015	2016
Total Liability	\$270M	\$299M	\$330M	\$375M	\$432M

Strong liability growth

MyLeave's annual actuarial analysis also includes a forecast for the short / medium term future liability and the actuarial liability is forecast to continue to grow to a level of \$469.5M as at 30 June 2017, and \$503.8M as at 30 June 2018.

It is relevant for employers to note that as at 30 June 2016 the actuarial calculations reflect the prevailing government bond rate and that the reduction in the government bond rate to 2.1% (from 2015 level of 3.0%) had an adverse (non-cash) impact of \$30.0M for the year. The importance of the government bond rate is that it is utilized as the discount factor in calculating the total actuarial liability i.e. a lower government bond rate produces a higher actuarial calculation of MyLeave's long service leave liability to workers.

MyLeave continues to utilise the services of the Commonwealth Bank as Investment Advisor and the Advisor has assisted MyLeave in the establishment of a well-structured investment portfolio which is invested in various key asset classes. Furthermore, within those asset classes, MyLeave invests with various individual Fund Managers with investment styles which are designed to provide an optimum level of performance with a reduced level of deviation in the range of performance outcomes over the years.

During the year MyLeave only undertook one Fund Manager amendment and this was the inclusion of Macquarie Income Opportunities Fund which has an investment style which will assist in the reduction of return risk in the fixed interest asset class.

The table below shows MyLeave's Strategic Asset Allocations (Benchmark and Actual) and Note 17 to the Financial Statements provides specific details of the individual Fund Managers as at 30 June 2016. MyLeave, in conjunction with the Investment Advisor, reviews the performance of Fund Managers on an annual basis. Furthermore, the Investment Advisor regularly advises MyLeave of any important changes e.g. investment style, key staff movements etc of the individual Fund Managers.

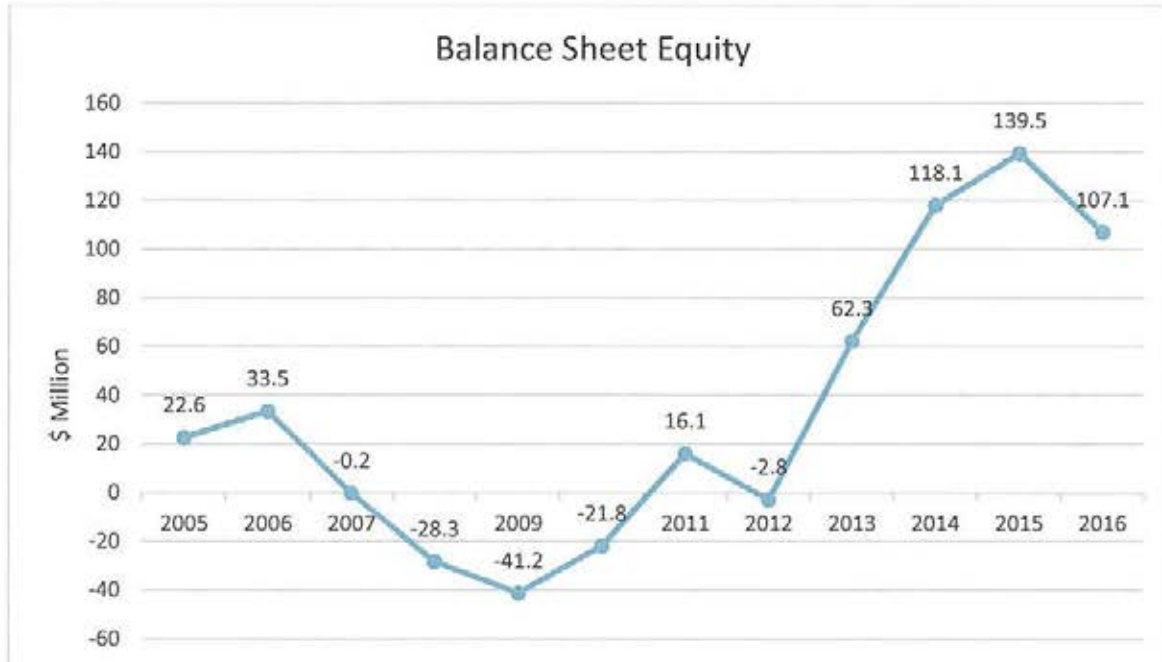
Asset Class	Strategic Asset Allocation	
	Benchmark	Actual 30/06/2016
Cash	15%	14.95%
Fixed Interest	25%	25.37%
<i>Sub Total</i>	40%	40.32%
Australian Equities	32%	31.25%
International Equities	18%	18.18%
Property & Infrastructure	10%	10.25%
<i>Sub Total</i>	60%	59.68%
Total	100%	100%

As a result of the factors previously commented on, MyLeave's Balance Sheet records a sound financial position as shown below.

Balance Sheet	2013	2014	2015	2016
Assets	\$362.8M	\$449.2M	\$515.5M	\$541.9M
Liabilities	\$300.5M	\$331.1M	\$376.0M	\$434.8M
Equity Surplus	\$62.3M	\$118.1M	\$139.5M	\$107.1M
Accounting Ratio (Assets/Liabilities)	121%	136%	137%	125%

As shown above, the Equity Surplus reduced significantly to \$107.1M from the 2016 level of \$139.5M. The 2015 level of \$139.5M delivered an Accounting Ratio of 137% which was in excess of the Board approved range of 110% - 130%. In turn, Board Members were satisfied to reduce the contribution levy rate and be able to accommodate the (non cash) increase in the actuarial liability. In turn, this means that current employers are making an equitable contribution to MyLeave's Balance Sheet, and at the same time, not "over contributing" which would be for the benefit of future industry employers.

The value of the Balance Sheet Equity (Surplus / Deficiency) and movement since 2005 is shown in the next graph.



The 2016 Balance Sheet Equity Surplus of \$107.1M remains comfortably within MyLeave's approved Accounting Ratio range of 110% - 130% and it is important that MyLeave retains a prudent coverage ratio to ensure the Balance Sheet Equity can withstand both future global investment market downturns and also any material changes to the actuarial liability for worker payments.

General matters

In 2016 – 2017 MyLeave will be focusing on reducing the usage of paper and postage services. As this project unfolds, employers will be provided details regarding a new process of paperless quarterly returns. Also, workers will be provided details of strategy regarding the annual provision of the Onsite Newsletter and Days of Service Notice on a paperless basis. Both employers and workers are encouraged to get online to check contact details currently held by MyLeave.

Staffing remained very stable during the year with only one team member leaving MyLeave. This high staff retention rate means staff recruitment costs are minimised and overall staff productivity remains effective.

MyLeave continues to work co-operatively with the other state and territory schemes and, with those Schemes, is examining ways that this co-operation can be extended for the benefit of the Schemes and the industry throughout Australia. Ausleave.com.au is a website being developed to market this co-operation between the 8 Australia wide Schemes.

In July 2016 MyLeave hosted a CEO Forum, which Australia-wide Scheme CEOs attended. The purpose of these CEO Forums is to ensure all Schemes are working together in a positive manner for the benefit of all industry stakeholders.

The MyLeave team continues to embrace its Vision *"To achieve excellence in the delivery of long service leave entitlements to construction industry employees."*

As detailed, the 2016 year was very active for MyLeave and Board Members are pleased with MyLeave's performance and the continued benefit provided by the Scheme to employers and construction industry workers.

OPERATIONAL STRUCTURE

Enabling Legislation

The Construction Industry Long Service Leave Scheme (the Scheme) was established by 'The Construction Industry Portable Paid Long Service Leave Act, 1985' (the Act) which was assented to on 13 December 1985.

The Act and the Regulations prescribing the Awards to be included in the Scheme were proclaimed on 19 December 1986. The Scheme commenced by Ministerial Order on the appointed day of 6 January 1987.

Responsible Minister

The Honourable Michael Mischin MLC, Attorney General; Minister for Commerce.

Mission

To provide a financially sustainable portable Long Service Leave Scheme for eligible construction industry employees.

Objectives

1. To fully implement the Scheme within the construction industry:-
 - By ensuring all eligible employers are registered and that contributions are being paid for eligible employees; and
 - By registering all eligible construction industry employees.
2. To minimize the contribution rate payable:-
 - By maximizing the rate of return on investment funds; and
 - By minimizing the administrative cost of the Scheme.

Vision

To achieve excellence in the delivery of long service leave entitlements to construction industry employees.

Values

Working together



Establishing and maintaining long term relationships based upon mutual trust, respect and understanding

Honesty & integrity



Being open and honest and acting with integrity in all our dealings

Excellence in service delivery



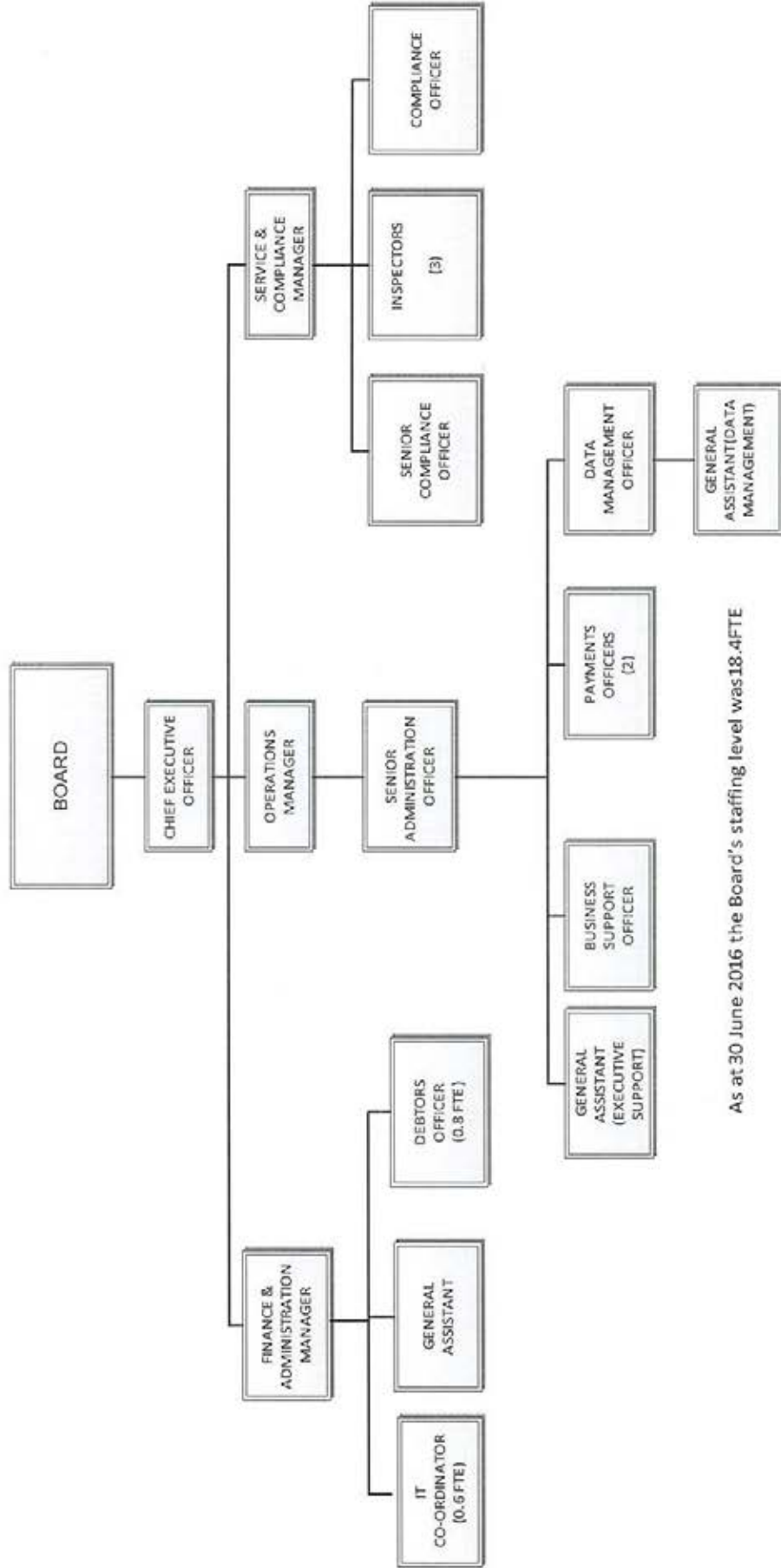
Exceeding our commitments to stakeholders and understanding and addressing both current and future needs

Consistency



Delivery of a consistent approach in terms of legislative requirements in our decision making processes

ORGANISATIONAL CHART



As at 30 June 2016 the Board's staffing level was 18.4FTE

OPERATIONAL STRUCTURE (continued)

The Board

Formal title: Construction Industry Long Service Leave Payments Board (the Board)
Business name: MyLeave

Appointment

The Act provides for the Scheme to be administered by the Board which is a body corporate comprising of seven members. The members of the Board have been appointed by the responsible Minister for a period of two years. Current Board members' appointments end on 24 September 2016.

In accordance with the provisions of the Act, two members representing employers are selected by the responsible Minister from nominations by the Master Builders Association of W.A. and the Chamber of Commerce and Industry of W.A.

To represent employees two members are selected from nominations by Unions W.A. and the Building Trades Associations of Unions of W.A.

Also in accordance with the Act, as amended 1 April 2012, the Minister appoints:

- one person who in the Minister's opinion represents the interests of employers in the construction industry
- one person who in the Minister's opinion represents the interests of employees in the construction industry

The Chair is a separate appointment by the Minister.

Board Members

CHAIR

Ms L. Gibbs LLB

MEMBERS

Representing employers:	Representing employees:
Mr W. Edwardes	Mr M. Buchan
Mr M. McLean	Mr S. McCartney
Mr R. Sputore	Mr L. McLaughlan

Board Meetings Attendance

	NUMBER OF MEETINGS ELIGIBLE TO ATTEND	NUMBER ATTENDED
Ms L. Gibbs (Chair)	7	7
Mr M. Buchan	7	6
Mr W. Edwardes	7	7
Mr S. McCartney	7	4
Mr L. McLaughlan	7	4
Mr M. McLean	7	6
Mr R. Sputore	7	7

Senior Officers

Mr F. J. Youens CPA, F Fin, MAICD	Mr J. Flint FCPA, FGIA, FCIS, P.Grad Bus, B.Bus
Chief Executive Officer	Finance & Administration Manager

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2016

Key Legislation Impacting on Activities

Construction Industry Portable Paid Long Service Leave Act 1985
A New Tax System (Goods and Services Tax Act) 1999
Auditor General Act 2006
Crime Corruption Commission Act 2003
Disability Services Act 1993
Electoral Act 1907
Equal Opportunity Act 1984
Financial Management Act 2006
Financial Management (Transitional Provisions) Act 2006
Freedom of Information Act 1992
Fringe Benefits Tax Assessment Act 1986
Government Financial Responsibility Act 2000
Income Tax Assessment Act 1936 (Cth)
Income Tax Act 1986
Industrial Relations Act 1979
Library Board of Western Australia Act 1951
Minimum Conditions of Employment Act 1993
Occupational Safety and Health Act 1984
Payroll Tax Assessment Act 2002
Public Interest Disclosure Act 2003
Public Sector Management Act 1994
State Records Act 2000
Superannuation Guarantee (Administration) Act 1992
Taxation Administration Act 2003
Trustees Act 1962
Workers Compensation and Injury Management Act 1981

In the financial administration of the Scheme the Board has complied with the requirements of the Financial Management Act 2006 and other relevant written law and exercised controls which provide reasonable assurance that the receipt and expenditure of monies and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing the Board is not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2016

Performance Management Framework

Outcome Based Management Framework

A financially sustainable portable Long Service Leave Scheme for eligible construction industry employees.

Changes to the Outcome Based Management Framework

The Board's Outcome Based Management Framework did not change during 2015/2016.

Shared Responsibilities with Other Agencies

The Board does not share responsibilities with any other agencies.

Report on Operations

Financial Targets: Actual performance compared to the Board's Budget Estimates

	2015-16 Estimate (a) \$000	2015-16 Actual \$000	2015-16 Variation \$000
Contribution From Employers	\$55,670	\$55,959	\$289 (b)
Investment Income	\$10,241	\$13,073	\$2,832 (c)
Total Equity	\$132,712	\$107,149	(\$25,563) (d)

(a) As per the Board's budget estimates.

(b) Actual employer contribution income is in line with estimate.

(c) Investment Income over estimate as a result of the underlying portfolio performance.

Investment Income comprises:

- Net investment revenue
- Interest revenue
- Losses/gains on disposal of investments
- Impairment losses on investments; and
- Change in the fair value of available-for-sale financial assets

(d) Equity variance due to:

- Higher opening 01/07/15 Total Equity than forecast (+\$14.4M)
- Higher provision/value for long service leave liability than forecast (-\$36.0M)
- Higher number/value of long service leave payments than forecast (-\$7.7M)
- Higher Investment Income than forecast (+\$2.8M)

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2016

Key Performance Indicators:

Actual performance compared to the Board's Budget Forecast

	2015-16 Estimate (1)	2015-16 Actual	2015-16 Variation
Outcome: A financially sustainable portable Long Service Leave Scheme for eligible Western Australian construction industry employees.			
Key Effectiveness Indicators:			
(i) eligible employers who have registered with the Board.	5,005	5,073	68
(ii) eligible and registered construction industry employees for whom contributions have been made.	76,271	76,592	321
(iii) qualifying service profile of construction industry employees for whom contributions have been made:- - Total number of employees qualified for a long service leave benefit	16,383	14,734	(1,649)
(iv) construction industry employees who have received a long service leave payment.	3,915	5,100	1,185
(v) eligible employers long service leave contribution rate.	1.40%	1.43%	0.03%
(vi) annual return derived from the Board's investments.	2.00%	1.91%	(0.09%)
Service: Management of the Construction Industry Long Service Leave Scheme.			
Key Efficiency Indicators:			
(i) average administrative cost per registered construction industry employee.	\$35.72 p.a.	\$35.13 p.a.	(\$0.59)
(ii) full time equivalent staff employed per thousand of registered Western Australian construction industry employees.	0.14	0.14	-

(1) As per the Board's Budget, internal modelling and actuarial forecasts.

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2016

Significant Issues and Trends

Current and emerging issues and trends

A key trend for MyLeave to monitor is the softening in the growth in the construction industry. As detailed under the heading Executive Summary, the quarterly worker data submitted by employers indicates that the strong growth experienced up to 2013 has ceased and subsequent to that the trend has been for a plateauing in the average number of workers being contributed for. In addition wage growth has slowed.

Whilst there has been a strong positive trend in housing starts over the period 2012 to 2015, the Housing Industry Association ("HIA") forecasts show a reduction (see table below) in housing starts in the immediate future. The reduction in housing starts is as a result of a combination of factors including the low population growth, reduced rental costs and a very strong supply of dwellings in both established purchase and rental markets. In turn, both buyers and renters now have a greater level of choice than in the recent past. A further factor impacting the housing market is the significant reduction in the number of first home buyers.

Housing Starts			
Year	Number	% Change	
2012-2013	24 270	+36%	Actual
2013-2014	29 200	+20%	
2014-2015	31 160	+7%	
2015-2016	24 540	-21%	Forecast
2016-2017	21 040	-14%	
2017-2018	20 840	-1%	

The Australian Construction Industry Forecasting Council ("ACIFC") has published the following historical Actual results and detailed Forecasts for the value of construction carried out in WA.

Value of Construction in Western Australia	2010-11	2011-12	2012-13	2013-14	2014 -15
	Actual Value (\$million)				
Residential Building	12 419	10 709	10 458	11 686	12 140
Non Residential Building	5 445	6 217	5 662	5 419	5 092
Engineering Construction	26 731	43 279	44 391	42 421	38 227
Total Construction	44 595	60 205	60 511	59 526	55 459

Value of Construction in Western Australia	2015-16	2016-17	2017-18	2018-19	2019-20
	Forecast Value (\$million)				
Residential Building	13 018	13 093	12 916	12 421	11 899
Non Residential Building	4 735	4 220	4 374	4 545	4 612
Engineering Construction	31 599	23 655	21 331	20 953	21 956
Total Construction	49 352	40 968	38 621	37 919	38 467

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2016

Current and emerging issues and trends (Continued)

As shown in the previous table, the value of Residential Building and Non Residential Building have a significant impact on the WA construction industry however, the value of Engineering Construction has the most significant impact.

In regards to Engineering Construction, the previous tables clearly demonstrate peak activity to the period ending 30 June 2013 followed by consecutive years of diminution of the annual value of construction. The 2013 peak of Engineering Construction was \$44.4Bn as compared to the annual forecasts from 2017 / 2018 of ~\$21Bn per annum.

The continuation by MyLeave of its Objective to "*Minimise the contribution rate payable*", coupled with the softening across the construction industry has the following direct impacts:

- 1) Contribution levy from employers will reduce;
- 2) Probability of an increase in the number of employers having difficulty in meeting their contribution levy obligation; and
- 3) Increased number of payments to workers.

These impacts are further commented on below:

1) Contribution levy from employers

MyLeave's budget has incorporated a reduction in the value of contribution levy income (from the reduction in the levy percentage from 1 January 2016 plus industry softening) and MyLeave's current financial position is sound. Medium term forecasts do not incorporate any further reduction in the levy percentage.

In line with the above commentary, the reduction in contribution levy income is not considered a material financial risk to MyLeave. Position will however continue to be carefully monitored to address a potential situation of a more significant industry downturn than forecast.

2) Probability of an increase in the number of employers having difficulty in meeting their contribution levy obligation

As MyLeave collects the contribution levy on a quarterly basis in arrears it is exposed to a greater extent to bad and doubtful debts than a business with a shorter term payment cycle. MyLeave maintains a high degree of monitoring of the timely submission of returns and contribution levy payments by employers. Furthermore, at each Board meeting Board Members consider and approve a formal Prosecution List (of employers) to ensure overdue returns are submitted. Board Members also regularly review MyLeave's Bad & Doubtful debts to ensure active follow up by management.

STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2016

Current and emerging issues and trends (Continued)

3) Increased number of payments to workers

The growth of the Scheme has resulted in a steady increase in the number, and value, of payments made per annum. Increased payments will be made to workers as a result of the recent growth of the Scheme and also as workers take leave during periods associated with unintended or unanticipated breaks in employment activity. MyLeave's Payments team is appropriately skilled to cater for increasing payment volumes. In addition, staffing capacity allows for increased cover for peak seasonal periods and annual leave absences.

From a liquidity perspective, MyLeave is forecast to be cashflow positive from contribution levy collections during 2016 / 2017 so the projected increase in the value of payments is manageable from forecast cashflow without the need to drawdown from the investment portfolio.

MyLeave management will continue its close liaison with industry participants and Board Members, who are all active in the industry, to ensure emerging risks are identified and considered in a timely manner. In turn, this will ensure MyLeave maintains its financially sound position.

Changes in Written Law

There were no changes in any written law that affect the Board during the financial year.

Likely Developments

Nil



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STATEMENT OF COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2016

Disclosure and Legal Compliance

FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL STATEMENTS:

The accompanying financial statements of the Construction Industry Long Service Leave Payments Board have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2016 and the financial position as at 30 June 2016.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

Signed this 17th day of August, 2016

Ms L. Gibbs
Chair

Member of the Board

Mr J. Flint
Chief Finance Officer





CONSTRUCTION
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LEAVE SCHEME

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$000	2015 \$000
INCOME			
Revenue			
Contribution from employers		55,959	66,702
Employer surcharges		4	3
Net investment revenue	6	25,735	29,439
Interest revenue	7	409	641
Gains			
Net gain on disposal of investments	9	997	10,334
TOTAL INCOME		83,104	107,119
EXPENSES			
Long service leave payments	8	39,589	30,865
Employee benefits expense	10	1,916	1,849
Supplies and services	11	1,422	1,446
Depreciation and amortisation expense	12	63	37
Finance costs	13	56	60
Accommodation expenses	14	468	312
Accrued long service leave liability expense	8	57,270	44,818
Loss on write-off of non-current assets	19	33	-
Other expenses	15	570	463
TOTAL EXPENSES		101,387	79,850
(LOSS) / PROFIT FOR THE PERIOD		(18,283)	27,269
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Change in the fair value of available-for-sale financial assets		(14,068)	(5,847)
Total other comprehensive loss		(14,068)	(5,847)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(32,351)	21,422

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.





CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$000	2015 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	25	18,915	19,188
Receivables	16	590	444
Other current assets	18	25,867	24,985
Available-for-sale financial assets	17	496,035	470,806
Total Current Assets		<u>541,407</u>	<u>515,423</u>
Non-Current Assets			
Plant and equipment	19	540	105
Intangible assets	20	2	4
Total Non-Current Assets		<u>542</u>	<u>109</u>
TOTAL ASSETS		<u>541,949</u>	<u>515,532</u>
LIABILITIES			
Current Liabilities			
Accrued long service leave benefits liability	8	247,407	215,497
Payables	22	2,281	829
Provisions	23	482	432
Total Current Liabilities		<u>250,170</u>	<u>216,758</u>
Non-Current Liabilities			
Accrued long service leave benefits liability	8	184,544	159,184
Provisions	23	86	90
Total Non-Current Liabilities		<u>184,630</u>	<u>159,274</u>
TOTAL LIABILITIES		<u>434,800</u>	<u>376,032</u>
NET ASSETS		<u>107,149</u>	<u>139,500</u>
EQUITY			
Fair value reserve	24	9,331	23,399
Retained earnings	24	97,818	116,101
TOTAL EQUITY		<u>107,149</u>	<u>139,500</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Fair Value Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 July 2014		29,246	88,832	118,078
Profit		-	27,269	27,269
Other comprehensive loss		(5,847)	-	(5,847)
Total comprehensive income for the period		(5,847)	27,269	21,422
Balance at 30 June 2015	24	23,399	116,101	139,500
Balance at 1 July 2015		23,399	116,101	139,500
(Loss)		-	(18,283)	(18,283)
Other comprehensive loss		(14,068)	-	(14,068)
Total comprehensive loss for the period		(14,068)	(18,283)	(32,351)
Balance at 30 June 2016	24	9,331	97,818	107,149

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$000	2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from employers		57,287	67,052
Interest received		409	641
GST receipts from taxation authority		185	156
Payments			
Employee benefits		(1,870)	(1,771)
Supplies and services		(135)	(1,396)
Finance costs		(56)	(61)
Accommodation		(468)	(312)
Payments for long service leave		(39,589)	(30,865)
GST payments on purchases		(196)	(159)
Other payments		(311)	(308)
Net cash provided by operating activities	25	15,256	32,977
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of investments		-	-
Distributions received		-	-
Payments			
Purchase of non-current assets		(529)	(19)
Purchase of investments		(15,000)	(30,000)
Net cash used in investing activities		(15,529)	(30,019)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(273)	2,958
Cash and cash equivalents at the beginning of period		19,188	16,230
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	25	18,915	19,188

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

1. Australian Accounting Standards

General

The Construction Industry Long Service Leave Payments Board's ("the Board") financial statements for the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Board has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Board cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 '*Application of Australian Accounting Standards and Other Pronouncements*'. Partial exemption permitting early adoption of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* has been granted. Aside from AASB 2015-7, there has been no early adoption of Australian Accounting Standards that have been issued or amended (but are not operative) by the Board for the annual reporting period ended 30 June 2016.

2. Summary of significant accounting policies

(a) General Statement

The Board is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016**

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for financial instruments classified as available-for-sale which have been valued at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Board's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

At 30 June 2016 the Board has an excess of assets over liabilities of \$107.1 million (2015: excess of assets over liabilities of \$139.5 million).

(c) Reporting Entity

The reporting entity comprises the Construction Industry Long Service Leave Payments Board. There are no 'Related bodies'.

(d) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Contribution from employers

Contributions from employers are due at the end of each 3 month period. Consequently contributions due in respect of the quarterly period to 30 June 2016 have been accrued.

Investment revenue

Investment revenue comprises distributions received from managed funds investments and is recognised when the Board becomes entitled to receive the distributions.

Interest

Revenue is recognised as the interest accrues.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and gains on redemptions of investments in managed funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016**

(e) Plant and Equipment

Capitalisation/expensing of assets

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the cost model is used for the measurement of all other plant and equipment. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation on assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Leasehold improvements	5 years
Furniture and fittings	10 years
Office equipment	3 to 5 years

(f) Intangible Assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$5,000 are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Board have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

(f) Intangible Assets (Continued)

Licences 3 to 5 years

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition

(g) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

As the Board is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at end of each reporting period.

(h) Leases

The Board has entered into a number of operating lease arrangements for the rent of the office building and motor vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Lease payments are expensed on a straight line basis over the lease terms as this represents the pattern of benefits to be derived from the leased property and motor vehicles.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016**

(i) Financial Instruments

In addition to cash, the Board has the following categories of financial instrument:

- Receivables
- Financial liabilities measured at amortised cost
- Available-for-sale financial assets (includes units in quoted managed investment funds and managed listed shares).

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Units in quoted managed investment funds and managed listed shares
- Term deposits

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Fair value of the available-for-sale financial assets are based on current bid prices.

(j) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(k) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Board will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(l) Investments and Other Financial Assets

The Board classifies its investments as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting period. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016**

(l) Investments and Other Financial Assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable units and shares in managed investment funds, are non-derivatives that are either designated in this category or not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses on available-for-sale financial assets are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Comprehensive Income. The fair value of quoted investments are based on current bid prices.

Purchases and sales of investments are recognised on trade-date – the date on which the Board commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership.

The Board assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A significant or prolonged decline in the fair value of the portfolio below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale. If there is no objective evidence of impairment then no action is taken at that time. However if there is objective evidence of impairment, then the Board calculates the amount of any loss and recognises it during that reporting period.

(m) Payables

Payables are recognised when the Board becomes obliged to make future payments as a result of a purchase of assets or services at fair value, as they are generally settled within 30 days.

(n) Provisions

Provisions are liabilities of uncertain timing and amount. The Board only recognises a provision where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting period.

Employment on-costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Board's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

(n) Provisions (continued)

Provisions - Employee Benefits

All annual Leave and long service provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefit'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and period of services. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Board does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

Long service leave not expected to be settled wholly within 12 months after the end of the reporting period is therefore considered and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and period of services. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Conditional long service leave provisions are classified as non-current liabilities because the Board has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees may contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

(n) Provisions (continued)

Superannuation (continued)

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension Scheme or the GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund provider.

The Board makes contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Board's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for the Board's purposes because the concurrent contributions (defined contributions) made by the Board to GESB extinguishes the Board's obligations to the related superannuation liability.

The Board has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Board to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

(o) Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, and other superannuation funds.

(p) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Board considers the carrying amount of accrued salaries to be equivalent to its fair value.

(q) Finance costs

Finance costs are comprised of bank charges on the bank accounts held by the Board and are expensed when incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016**

(r) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have significant effect on the amounts recognised in the financial statements. The Board evaluates these judgements regularly.

Operating lease commitments

The Board has entered into a lease for building accommodation and motor vehicles. The leases relates to the building and motor vehicles are of temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Accrued Long Service Leave Benefits Liability

Several assumptions are used in calculating the Board's accrued long service leave benefits liability. These include:

- Growth rate (of workers in the industry);
- Participation rate of workers for contribution purposes;
- Participation rate of workers for leave accrual purposes;
- Termination rates (of workers in the industry);
- In-service rates (rate of leave taken by workers whilst in the Scheme);
- Rate of workers' pay increases; and
- Discount rate used for the liability calculation.

Changes in the above assumptions may impact on the carrying amount of the accrued long service leave benefits liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

5. Disclosure of change in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Board has applied the following Australian Accounting Standards effective or adopted, for annual reporting periods beginning on or after 1 July 2015 that impacted on the Board.

AASB 2013-9	<p>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</p> <p>Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Board has not yet determined the application or the potential impact of AASB 9.</p>
AASB 2014-8	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010 [AASB 9 (2009 & 2010)])</p> <p>This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. The Board has not yet determined the application or the potential impact of AASB 9.</p>
AASB 2015-3	<p>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</p> <p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards & Interpretations, allowing that standard to be effectively withdrawn. There is no financial impact.</p>

Voluntary changes in Accounting Policy

There have been no significant voluntary changes in accounting policy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

5. Disclosure of change in accounting policy and estimates (continued)

Future impact of Australian Accounting Standards not yet operative

The Board cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. By virtue of a limited exemption, the Board has early adopted AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the Board plans to apply these Australian Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<p>Financial Instruments</p> <p>The Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and AASB 2014-1 Amendments to Australian Accounting Standards. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p>Revenue from Contracts with Customers</p> <p>This Standard establishes the principles that the Board shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2010-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</p> <p>This standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Board has not yet determined to application or the potential impact of the Standard.</p>	1 Jan 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

		Operative for reporting periods beginning on/after
AASB 2014-3	<p>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and 11]</p> <p>The Board establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.</p>	1 Jan 2016
AASB 1057	<p>Application of Australian Accounting Standards</p> <p>This standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>	1 Jan 2016
AASB 2014-1	<p>Amendments to Australian Accounting Standards</p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Board to determine the application or potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-4	<p>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</p> <p>The adoption of this Standard has no financial impact for the Board as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p>	1 Jan 2016
AASB 2014-5	<p>Amendments to Australian Accounting Standards arising from AASB 15</p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arise from the issuance of AASB 15. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

		Operative for reporting periods beginning on/after
AASB 2014-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</p> <p>This Standard gives the effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2015-1	<p>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137, & 140]</p> <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2015-2	<p>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>	1 Jan 2016
AASB 2014-9	<p>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</p> <p>This Standard amends AASB 127 and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2014-10	<p>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</p> <p>This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution or joint venture. The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

		Operative for reporting periods beginning on/after
AASB 2015-10	<p>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and 128</p> <p>This Standard defers the mandatory effective date (application date) of amendments to AASB 10 and 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. The Board has not yet determined the application or the potential impact of AASB 2014-10.</p>	1 Jan 2016
AASB 2015-8	<p>Amendments to Australian Accounting Standards – Effective Date of AASB 15</p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Board has not yet determined the application or the potential impact of AASB 2015.</p>	1 Jan 2017
AASB 2016-2	<p>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</p> <p>This Statement amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>	1 Jan 2017
AASB 2015-6	<p>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.</p>	1 Jul 2016
AASB 16	<p>Leases</p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

		Operative for reporting periods beginning on/after
AASB 2016-3	<p>Amendments to Australian Accounting Standards – Clarifications to AASB 15</p> <p>This Standard clarifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and provides further transitional provisions to AASB 15.</p> <p>The Board has not yet determined the application or the potential impact</p>	1 Jan 2018
AASB 2016-4	<p>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-profit Entities</p> <p>This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement.</p> <p>The Board has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

	2016 \$000	2015 \$000
6. Net investment revenue		
Distributions from managed funds	25,735	29,439
	<u>25,735</u>	<u>29,439</u>

7. Interest revenue

Bank account and term deposit interest	409	641
	<u>409</u>	<u>641</u>

8. Accrued long service leave benefits liability

The Scheme's long service leave liability at 30 June 2016 has been calculated by the Actuary as \$432.0 million (as per AASB 119)

Opening balance	374,681	329,863
Long service leave payments	(39,589)	(30,865)
Increase in provision	96,859	75,683
Closing balance	<u>431,951</u>	<u>374,681</u>

The liability is allocated as follows:

Current

Accrued long service leave benefits liability	247,407	215,497
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Non-current

Accrued long service leave benefits liability	184,544	159,184
Total	<u>431,951</u>	<u>374,681</u>

The two key assumptions applied by the Actuary in calculating the liability are:

- The rate of members' future pay increases is estimated at 5.0% (2015: 5.0%) per annum.
- The discount rate is 2.1% (2015: 3.0%) as quoted by the government bond rate for a 9.9 year term (2015: 8.4 year term).

9. Gains on disposal of investments

Costs of disposal of investments	22,211	17,479
	<u>22,211</u>	<u>17,479</u>
Proceeds from disposal of investments	23,208	27,813
Realised gains from current period sales	997	10,334
Total realised gains	<u>997</u>	<u>10,334</u>

10. Employee benefits expense

Wages and salaries ^(a)	1,495	1,457
Superannuation – defined contribution plans	260	237
Long service leave ^(b)	19	38
Annual Leave ^(b)	142	119
	<u>1,916</u>	<u>1,849</u>

- Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.
- Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 15 'Other expenses'. The employment on-costs liability is included at note 23 'Provisions'.



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

	2016 \$000	2015 \$000
11. Supplies and services		
Communications	268	214
Consultants and contractors	880	930
Consumables	116	151
Travel	47	37
Other	111	114
	<u>1,422</u>	<u>1,446</u>
12. Depreciation and amortisation expense		
Depreciation		
Furniture and office equipment	48	28
Leasehold improvements	13	7
Total depreciation	<u>61</u>	<u>35</u>
Amortisation		
Intangible assets	2	2
Total amortisation	<u>2</u>	<u>2</u>
Total depreciation and amortisation	<u>63</u>	<u>37</u>
13. Finance costs		
Bank fees	56	60
	<u>56</u>	<u>60</u>
14. Accommodation expenses		
Lease rentals/make good expense - 26 Colin Street	296	287
Lease rentals (net of rent abatement) - 50 Colin Street	149	-
Repairs and maintenance	2	3
Light and power	21	22
	<u>468</u>	<u>312</u>
15. Other expenses		
Board members' fees	98	98
Employment on-costs ^(a)	83	67
Annual leave provision	7	28
Long service leave provision	38	39
Doubtful debts expense	259	156
Insurances	44	44
Motor vehicle expenses	41	33
	<u>570</u>	<u>463</u>

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 23 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

	2016 \$000	2015 \$000
16. Receivables		
Employer debtors	702	577
Allowance for impairment of employer debtors	(262)	(156)
	<u>440</u>	<u>421</u>
Other debtors	150	23
	<u>590</u>	<u>444</u>
Reconciliation of changes in the allowance for impairment of employer debtors:		
Balance at start of period	156	328
Amounts provided during the period	259	157
Amounts written off during the period (i)	(153)	(329)
Balance at end of period	<u>262</u>	<u>156</u>

i) \$152,765 of bad debts, where an allowance for impairment was previously raised, were written off during the year directly against employer debtors (2015: \$329,563).

17. Available-for-sale financial assets

At valuation:

- First Wrap Plus Investment	413	6,991
- Colonial First State Cash	37,623	35,863
- Colonial First Rate Saver	36,134	34,472
- Aberdeen Australian Fixed Income	27,750	38,265
- PIMCO EQT Global Bond	28,143	38,190
- UBS Diversified Fixed Income Fund	42,753	39,157
- AMP Capital Global Property Securities (Hedged)	25,565	22,642
- Schroder Wholesale Australian Equity	46,341	43,397
- Colonial FS Equity Income Fund	46,194	42,927
- Vanguard Australian Shares Index fund	46,706	43,443
- Magellan Global Fund (Unhedged)	13,526	14,995
- MFS Global Equity (Unhedged)	25,593	27,365
- Schroder Global Active Value (Unhedged)	24,211	19,751
- Vanguard International Share Index Fund (Hedged)	26,869	27,211
- Celeste Australian Small Companies	15,781	14,194
- RARE Infrastructure Value Fund (Hedged)	25,268	21,943
- Macquarie Income Opportunity Fund	27,165	-
	<u>496,035</u>	<u>470,806</u>

18. Other assets

Current		
Accrued contributions	11,934	13,525
Prepayments	101	63
Accrued distributions and Interest	13,832	11,397
	<u>25,867</u>	<u>24,985</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

	2016 \$000	2015 \$000
19. Plant and equipment		
<u>Furniture and fittings</u>		
At cost	248	45
Accumulated depreciation	(12)	(24)
	236	21
<u>Leasehold improvements</u>		
At cost	206	116
Accumulated depreciation	(5)	(86)
	201	30
<u>Office equipment</u>		
At cost	262	173
Accumulated depreciation	(159)	(119)
	103	54
	540	105
Net Loss on non-current assets written off during the year		
<u>Carrying amount of non-current assets written off</u>		
Leasehold Improvements	(22)	-
Furniture & fittings & office equipment	(11)	-
Net (Loss)	(33)	-

Reconciliations of the carrying amounts of Furniture, office equipment and leasehold improvements at the beginning and end of the reporting period are set out below.

	Furniture and fittings \$000	Leasehold improvements \$000	Office equipment \$000	Total \$000
2016				
Carrying amount at start of period	21	30	54	105
Additions	233	206	90	529
Disposals	-	-	-	-
Write-offs	(10)	(22)	(1)	(33)
Depreciation	(8)	(13)	(40)	(61)
Carrying amount at end of period	236	201	103	540
	Furniture and fittings \$000	Leasehold improvements \$000	Office equipment \$000	Total \$000
2015				
Carrying amount at start of period	22	38	61	121
Additions	1	-	18	19
Disposals	-	-	-	-
Write-offs	-	-	-	-
Depreciation	(2)	(8)	(25)	(35)
Carrying amount at end of period	21	30	54	105



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

	2016 \$000	2015 \$000
20. Intangibles assets		
<u>Licenses</u>		
At cost	22	22
Accumulated amortisation	(20)	(18)
	2	4
Reconciliation		
<u>Licenses</u>		
Carrying amount at start of year	4	6
Additions	-	-
Amortisation expense	(2)	(2)
Carrying amount at end of year	2	4
21. Impairment of assets		
There were no indications of impairment to plant and equipment and intangible assets at 30 June 2016.		
The Board held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.		
There were no surplus assets held at 30 June 2016.		
22. Payables		
Trade payables	2,181	618
Accrued salaries	16	72
Accrued expenses	84	139
	2,281	829
23. Provisions		
<u>Current</u>		
Employee benefits provision		
Annual leave ^(a)	175	169
Long service leave ^(b)	235	199
	410	368
Other provisions		
Employment on-costs ^(c)	72	64
	482	432
<u>Non-current</u>		
Employee benefits provision		
Long service leave ^(b)	75	79
	75	79
Other provisions		
Employment on-costs ^(c)	11	11
	86	90



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

	2016 \$000	2015 \$000
23. Provisions (Continued)		
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of reporting date	111	104
More than 12 months after reporting date	64	65
	175	169
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of reporting date	111	63
More than 12 months after reporting date	199	215
	310	278
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 15 'Other expenses'.		

Movement in Other Provisions

Movement in the Employment on-costs provision during the financial year is set out below.

Carrying amount at start of the year	75	73
Additional provision recognised	8	2
Carrying amount at end of period	83	75

24. Equity

Retained earnings

Balance at start of period	116,101	88,832
Result for the period	(18,283)	27,269
Balance at end of period	97,818	116,101

Fair Value Reserve

Balance at start of period	23,399	29,246
Movement for the period	(14,068)	(5,847)
Balance at end of period	9,331	23,399

Total equity at end of period	107,149	139,500
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

2016
\$000

2015
\$000

25. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	18,915	19,188
	<u>18,915</u>	<u>19,188</u>

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

(Loss)/Profit for the period	(18,283)	27,269
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Non-cash items:

Depreciation and amortisation expense	63	37
Investment income reinvested (i)	(25,735)	(29,439)
Doubtful debts expense	259	156
Net profit on sale of investments (i)	(997)	(10,334)
Loss on write-off of non-current assets	33	-

(Increase)/decrease in assets:

Current receivables	(405)	(146)
Other current assets	1,591	498
Prepayments	(38)	22

Increase/(decrease) in liabilities:

Current payables	1,452	20
Current provisions	50	82
Non-current provisions	(4)	(4)
Accrued LSL benefits liability	57,270	44,816
Net cash provided by operating activities	<u>15,256</u>	<u>32,977</u>

Non-cash Investing

- (i) The Board has invested in fund accounts maintained by its Investment Advisor. Cash distributions from investments and proceeds from sale of investments are reinvested back into the fund account and do not result in any cash outflow or inflow through the operating account of the Board. The distributions from investments for 30 June 2016 amounted to \$25.735 million (2015: \$29.439 million) and the proceeds from sale of investments amounted to \$23.208 million (2015: \$27.813 million).

26. Commitments

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	232	315
Later than 1 year and not later than 5 years	1,006	17
Later than 5 years	1,761	-
	<u>2,999</u>	<u>332</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

26. Commitments (continued)

The property lease is a non-cancellable lease with a ten-year term and a further five-year option to extend, with rent payable monthly in advance. Contingent rent provisions within the lease agreement requires that the rent is increased by 3.5% pa except at the end of the fifth year. Rent will be reviewed up or down to market value. The lease agreement provides for the rent to be increased by 3.5% pa for years six to ten.

The motor vehicle leases are generally considered non-cancellable and it is assumed that the leases will continue for the assigned lease term. Scheduled termination of leases are between 15 July 2016 and 15 April 2019.

The communication leases are generally considered non-cancellable and it assumed that the leases will continue for the three year term. The leases will terminate 9 April 2019.

The commitments below are inclusive of GST

Other expenditure commitments contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	2016 \$000	2015 \$000
<i>Advertising</i>		
Within 1 year	10	10
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	10	10

27. Contingent liabilities and contingent assets

There were no significant contingent liabilities or contingent assets existing at reporting date.

28. Events occurring after the end of the reporting date

There were no significant events occurring after the balance sheet date that require disclosure.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

29. Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2016 and between the actual results for 2015 and 2016. Significant variations are considered to be those greater than 10% and \$5 million.

Significant variances between estimate and actual results for 2016

	2016 Estimate \$000	2016 Actual \$000	Variance \$000
EXPENSES			
Increase in accrued long service leave benefits liability	21,345	57,270	35,925
<p>The estimated discount rate used to determine the long service leave liability was 2.40% as compared to actual of 2.10%. The rate of 2015/16 pay increase was estimated at 2.02% and, as determined by the Actuary, the actual rate was 3.00%. Changes in the underlying data (growth rate of workers in the industry, participation rate of workers, termination rates and rate of leave taken by workers) as noted by the Actuary also increased the liability. All of these factors contributed to a higher actual amount than estimated.</p>			
Decrease in supplies and services	1,841	1,422	(419)
<p>There was less spending on special IT project and software than anticipated; referrals to Dun and Bradstreet the Board's debt collection agency was less than anticipated; legal cost lower than estimated; printing & stationery cost were less than anticipated and 3rd party postage cost was less than anticipated.</p>			
Increase in long service leave payments	31,976	39,589	7,613
<p>The long service leave payments value was higher than estimated as a result of an above forecast number of leave and termination payment to employees.</p>			
Decrease in other expenses	733	570	(163)
<p>Provision for doubtful debts was estimated at \$350,000 but actual amount provided for the year was \$259,013; annual leave provision was lower than anticipated as staff took more leave during the year and lower motor vehicle costs incurred than anticipated.</p>			
Increase in depreciation & amortisation	34	63	29
<p>Relocation costs of the Board to its new office which was not in estimates.</p>			



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

29. Explanatory statement (continued)

Significant variances between estimate and actual results for 2016

	2016 Estimate \$000	2016 Actual \$000	Variance \$000
Decrease in finance costs	70	56	(14)
Lower than estimated costs.			
Increase in accommodation expenses	330	468	138
Relocation costs of the Board to its new office which was not in estimates.			

Significant variances between actual results for 2016 and 2015

	2016 Actual \$000	2015 Actual \$000	Variance \$000
INCOME			
Contribution from employers	55,959	66,702	(10,743)
Variance reflects the reduced contribution levy rate from 1.50% pa to 1.35% pa for 6 months ending 30 June 2016 plus the underlying industry activity for the year.			
Investment Income	13,073	34,567	(21,494)
Investment return for 2016 was 1.91% pa as compared to 2015 return of 10.17% pa. Please refer to page 11 for details of the individual components of investment income.			
EXPENSES			
Long service leave payments	39,589	30,865	8,724
Long service leave payments were higher in 2016 as a result of an increase in the number of payments paid to employees. The average value of employee's benefits has decreased in 2016 to \$7,763 as compared to \$7,894 in 2015.			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

29. Explanatory statement (continued)

EXPENSES	2016 \$000	2015 \$000	Variance \$000
Depreciation & Amortisation	63	37	26
Relocation of Board's office resulting in higher depreciation costs.			
Accrued long service leave liability	57,270	44,818	12,452
The increase is in line with the actuarial review undertaken by PWC in June 2016.			
Other expenses	570	463	107
Doubtful debts were \$259,013 compared to \$157,434 in 2015.			
Loss on write-off of non-current assets	33	-	33
Relocation of Board's office resulting in the write off of leasehold and fixed assets.			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

30. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Board are cash and cash equivalents, term deposits, available-for-sale financial assets, receivables, accrued distributions and interest and payables. The Board has limited exposure to financial risks. The Board's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Board's receivables defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 30(c) Financial instruments disclosures' and note 16 'Receivables'.

The Board trades only with recognised, creditworthy third parties and invests with counterparties that have a high credit rating. Receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is minimal. At the end of the reporting period there are no significant concentrations of credit risk.

Board procedure is to contact debtors with debts outstanding at 30 days. If payment is not received within the following 7 days the debt is passed to a commercial collection agency for collection.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 16 'Receivables'.

Liquidity risk

The Board is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due.

The Board's objective is to maintain a positive cash flow. The Board has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Board's income or the value of its holdings of financial instruments. The Board does not trade in foreign currency. Other than as detailed in the interest rate sensitivity analysis table at Note 30(c), the Board has limited exposure to interest rate risk because it is not permitted to have borrowings.

Equity price risk arises from available-for-sale equity securities held for meeting the Board's long service leave obligations. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the fund manager. The primary goal of the Board's investment strategy is to maximize investment returns in order to meet the Board's long service leave obligations.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2016	2015
	\$000	\$000
Financial Assets		
Cash and cash equivalents	18,915	19,188
Receivables	590	444
Available-for-sale financial assets	496,035	470,806
Financial Liabilities		
Payables	2,281	829

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

The following table discloses the Board's maximum exposure to credit risk and the ageing analysis of financial assets. The Board's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Board.

The Board does not hold any collateral as security or other credit enhancement relation to the financial assets it holds.

Ageing analysis of financial assets

	Carrying Amount \$000	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets \$000
			Up to 1 Months \$000	1-3 Months \$000	3 months-1 Year \$000	1-5 Years \$000	More than 5 Years \$000	
2016								
Cash and cash equivalents	18,915	18,915	-	-	-	-	-	-
Receivables	590	424	98	18	50	-	-	-
Available-for-sale financial assets	496,035	496,035	-	-	-	-	-	-
	515,540	515,374	98	18	50	-	-	-
2015								
Cash and cash equivalents	19,188	19,188	-	-	-	-	-	-
Receivables	444	252	177	15	-	-	-	-
Available-for-sale financial assets	470,806	470,806	-	-	-	-	-	-
	490,438	490,246	177	15	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Liquidity risk and interest rate exposure

The following table details the Board's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. Maturity analysis section includes interest and principal cash flows. The interest rate exposure section only the carrying amount of each item.

Interest rate exposures and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Carrying amount \$000	Interest rate exposure				Maturity dates				
			Fixed Interest Rates \$000	Variable Interest Rate \$000	Non- Interest Bearing \$000	Total Nominal Amount \$000	Up to 1 Months \$000	1-3 Months \$000	3 Months to 1 Year \$000	1-5 Years \$000	More than 5 Years \$000
2016											
Financial Assets											
Cash and cash equivalents	1.75	18,915	-	18,915	-	18,915	18,915	-	-	-	-
Receivables		590	-	-	590	590	263	198	129	-	-
Available-for-sale financial assets	1.75	496,035	-	36,547	459,488	496,035	-	-	-	-	-
		515,540	-	55,462	460,078	515,540	19,178	198	129	-	-
Financial liabilities											
Payables		2,281	-	-	2,281	2,281	2,281	-	-	-	-
		2,281	-	-	2,281	2,281	2,281	-	-	-	-
2015											
Financial Assets											
Cash and cash equivalents	2.00	19,188	-	19,188	-	19,188	19,188	-	-	-	-
Receivables		444	-	-	444	444	252	177	15	-	-
Available-for-sale financial assets	2.42	470,806	-	41,463	429,343	470,806	-	-	-	-	-
		490,438	-	60,651	429,787	490,438	19,440	177	15	-	-
Financial liabilities											
Payables		829	-	-	829	829	829	-	-	-	-
		829	-	-	829	829	829	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

30. Financial Instruments (continued)

(c) Financial Instrument disclosures

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Board's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis points in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	-100 basis points			+100 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2016					
<u>Financial Assets</u>					
Cash and cash equivalents	18,915	(189)	(189)	189	189
Total Increase/(Decrease)		(189)	(189)	189	189
	-100 basis points			+100 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2015					
<u>Financial Assets</u>					
Cash and cash equivalents	19,188	(192)	(192)	192	192
Total Increase/(Decrease)		(192)	(192)	192	192

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

Investments in equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

31. Fair Value Measurement

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Assets measured at fair value		Level 1	Level 2	Level 3	Fair value at end of period
		\$000	\$000	\$000	\$000
2016					
Available-for-sale-financial-assets	(Note 17)	496,035	-	-	496,035
		496,035	-	-	496,035

There were no transfers between levels 1, 2, 3 during the period



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

31. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Fair value at end of period
2015	\$000	\$000	\$000	\$000
Available for sale-financial-assets (Note 17)	470,806	-	-	470,806
	470,806	-	-	470,806

There were no transfers between levels 1, 2, 3 during the period

32. Remuneration of members of the Accountable Board and Senior Officers

Remuneration of Members of the Accountable Board

The number of members of the Accountable Board, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

Remuneration Band \$	2016	2015
0 - 5,000	1	1
15,001 - 25,000	5	5
25,001 - 35,000	1	1
	\$000	\$000
Base remuneration and superannuation received in relation to 2016	107	107
The total remuneration of members of the Accountable Board is:	107	107

The total remuneration includes the superannuation expense incurred by the Board in respect of the members of the Accountable Board.

No members of the Accountable Board are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the Accountable Board, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

Remuneration Band \$	2016	2015
170,001 - 180,000	-	1
190,001 - 200,000	1	-
260,001 - 270,000	-	1
270,001 - 280,000	1	-
	\$000	\$000
Base remuneration and superannuation received in relation to 2016	431	397
Annual leave and long service leave accruals	13	21
Other benefits	26	24
The total remuneration of senior officers is:	470	442

The total remuneration includes the superannuation expense incurred by the Board in respect of senior officers other than senior officers reported as members of the Accountable Board.

No senior officers are members of the Pension Scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2016

33. Remuneration of auditor

2016	2015
\$000	\$000

Remuneration payable to the Auditor General for the financial year is as follows:
Auditing the accounts, controls, financial statements and performance indicators

28	29
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34. Supplementary financial information

Write-offs

Bad debts written off by the Board members during the financial year

153	329
-----	-----



CONSTRUCTION
INDUSTRY
LONG SERVICE
LEAVE SCHEME

CERTIFICATION OF KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2016

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Construction Industry Long Service Leave Payments Board's performance and fairly represent the performance of the Construction Industry Long Service Leave Payments Board for the financial year ended 30 June 2016.

Signed this^{17th}..... day of August 2016

A handwritten signature in blue ink, appearing to read 'L. Gibbs'.

Ms L. Gibbs
Chair

A handwritten signature in blue ink, appearing to read 'Michael O'Connell'.

Member of the Board



**KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2016**

DESIRED OUTCOME

A financially sustainable portable Long Service Leave Scheme for eligible construction industry employees.

The Board has developed six Key Effectiveness Indicators (KEI) which when interpreted together provide evidence of the level of achievement of the Desired Outcome.

KEI (i) is the number of employers registered with the Board. Modest net increase indicates no adverse impact for the Scheme over 2015/2016.

KEI (ii) is the number of employees for whom contributions have been made. Actual result recorded by the Scheme is in line with the trend reported by the Australian Bureau of Statistics.

The sound coverage of employees and employers in turn sustains contribution levy receipts to assist in the maintaining of a Balance Sheet within the Board's approved Accounting Ratio range of 110% - 130% (assets / liabilities). As detailed, the Accounting Ratio range includes a suitable buffer to ensure the financial sustainability of the Scheme.

Achievement of the Accounting Ratio range (as recorded as at balance date) enables the Board to critically assess the contribution levy payable by employers. This assessment is undertaken in conjunction with the Actuary's forecast of the future long service leave liability obligations to employees. As evidenced in KEI (iii), the contribution levy percentage was reduced to 1.50% from 1 January 2015 and to 1.35% from 1 January 2016. These reductions are a strong indicator of the overall financial sustainability of the Board i.e. the forecast investment earnings, coupled with the reduced contribution levy income, is considered sufficient to maintain the Balance Sheet within the Board approved Accounting Ratio range.

Over the past 7 consecutive years, as per KEI (iv), the Board has generated a positive investment return and in particular with 2013, 2014 and 2015 in excess of the long term average of 6.9% per annum. Whilst the Board does anticipate, on average, a negative return approximately once in every 5 years, this recent past strong performance has been a significant influence on the Board's financial sustainability.

Finally, the Board's financial sustainability is further evidenced with the ability to continue to grow the investment portfolio and utilise surplus cashflow from the contribution levy to meet the increasing number and value of long service leave payments to employees.

In regards to the Key Efficiency Indicators (KEI) the Administrative Cost of the Scheme KEI (i) is significantly less than Other State Schemes (average) and this is partly a result of the significant increase over recent years of Registered Employees coupled with the containment of administrative expenses.

KEY EFFECTIVENESS INDICATORS

(i) **CONSTRUCTION INDUSTRY EMPLOYERS WHO HAVE REGISTERED WITH THE BOARD.**

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2016 Target	2016 Actual	2015 Actual	2014 Actual	2013 Actual
Registered Employers – Average for the year (Number)	5,005	5,073	5,005	4,917	4,892
Change in average number of Registered Employers		1.4%	1.8%	0.5%	(0.4%)
Growth in Firms in the Industry (IBISWORLD Pty Ltd)		*	(0.3%)	1.1%	(1.7%)

* 2015/2016 statistics were not available at the time of preparation of this Report.

**KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2016**

(ii) **ELIGIBLE AND REGISTERED CONSTRUCTION INDUSTRY EMPLOYEES FOR WHOM CONTRIBUTIONS HAVE BEEN MADE.**

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2016 Target	2016 Actual	2015 Actual	2014 Actual	2013 Actual
Employees contributed for - Average for the year. (number)	76,271	76,592	76,271	74,384	76,748
Change in average number of Employees contributed for. (%)		0.4%	2.5%	(3.1%)	10.2%
Change in number of Employees in the industry. (%) *		2.7%	2.1%	(1.2%)	5.1%

* Based on construction industry employment statistics published by the Australian Bureau of Statistics. (ABS 6291.0.55.003 WA Quarter Feb 2016 Technical and Trades Workers plus Machinery Operators and Drivers).

(iii) **CONSTRUCTION INDUSTRY EMPLOYERS LONG SERVICE LEAVE CONTRIBUTION RATE.**

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2016 Target	2016 Actual	2015 Actual	2014 Actual	2013 Actual
Contribution Rate. (%)	1.40%	1.43% [@]	1.70% [*]	1.95% [#]	2.00%

[@] The contribution rate was decreased from 1.50% to 1.35% with effect from 1 January 2016.

^{*} The contribution rate was decreased from 1.90% to 1.50% with effect from 1 January 2015.

[#] The contribution rate was decreased from 2.00% to 1.90% with effect from 1 January 2014.

(iv) **ANNUAL RETURN DERIVED FROM THE BOARD'S INVESTMENTS.**

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2016 Target	2016 Actual	2015 Actual	2014 Actual	2013 Actual
Board's Investment Return (%)	2.00%	1.91%	10.17%	11.6%	17.1%
Investment Return - (Average) Pooled Growth Funds (%)	n/a	4.02%	8.11%	13.9%	17.6%

Investment return of 1.91% (2015: 10.17%) was in line with underlying portfolio performance driven by world markets.

(v) **CONSTRUCTION INDUSTRY EMPLOYEES WHO HAVE RECEIVED A LONG SERVICE LEAVE PAYMENT.**

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2016 Target	2016 Actual	2015 Actual	2014 Actual	2013 Actual
Employees Registered in the Scheme. (number)	130,151	127,941	130,151	131,517	120,259
Number of Employees paid a benefit. (number)	3,915	5,100	3,910	3,540	3,112

Benefits paid totaling 5,100 (2015: 3,910) was driven by underlying construction industry activity.

KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDING 30 JUNE 2016

(vi) QUALIFYING SERVICE PROFILE OF CONSTRUCTION INDUSTRY EMPLOYEES FOR WHOM CONTRIBUTIONS HAVE BEEN MADE.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2016 Target	2016 Actual	2015 Actual	2014 Actual	2013 Actual
Employees Registered in the Scheme. (number)	130,151	127,941	130,151	131,517	120,259
Employees with less than the required minimum of 7 years of qualifying service to obtain a benefit. (number)	113,768	113,207	116,326	118,876	108,553
Employees qualified for a pro rata long service leave benefit - 7 to 10 years of service. (number)	8,917	7,906	7,371	6,439	5,626
Employees qualified for a long service leave benefit - more than 10 years of service. (number)	7,466	6,828	6,454	6,202	6,080

SERVICE

Management of the Construction Industry Long Service Leave Scheme.

KEY EFFICIENCY INDICATORS

(i) AVERAGE ADMINISTRATIVE COST PER REGISTERED CONSTRUCTION INDUSTRY EMPLOYEE.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2016	2015	2014	2013
W.A. Scheme Cost per Employee (\$)	\$35.13	\$31.88	\$30.68	\$27.44
Other State Schemes (average) (\$)	*	\$51.38	\$54.71	\$45.94

* 2015/2016 figures not available at the time of preparation of the Report.

The Scheme cost of \$35.13 (2015: \$31.88) increased slightly as a result of one off costs associated with the relocation to 50 Colin Street West Perth plus reduced number of industry employees to 127,941 (2015: 130,151).

(ii) FULL TIME EQUIVALENT STAFF EMPLOYED PER THOUSAND OF REGISTERED WESTERN AUSTRALIAN CONSTRUCTION INDUSTRY EMPLOYEES.

YEAR BY YEAR COMPARISONS

FINANCIAL YEAR	2016	2015	2014	2013
Staff per thousand employees. (number)	0.14	0.14	0.13	0.14
Other State Schemes (average) (number)	*	0.31	0.33	0.34

* 2015/2016 figures not available at the time of preparation of the Report.

**MINISTERIAL DIRECTIVES
OTHER FINANCIAL DISCLOSURES
GOVERNANCE DISCLOSURES
FOR THE YEAR ENDING 30 JUNE 2016**

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

OTHER FINANCIAL DISCLOSURES

Capital Works

Capital project completed during 2015-2016

Project	Estimated Total Cost	Actual Total Cost
Office relocation - 50 Colin Street West Perth	\$435,000	\$449,162

Employment and Industrial Relations

Staff Profile	2016	2015
Full time permanent	17.0	17.0
Part time measured on a FTE basis	1.4	1.4
Total	18.4	18.4

Staff Development

The Board encourages its employees to maintain and improve their skills and to that end funds appropriate training courses and the membership of professional bodies.

Workers Compensation

No compensation claims have been made in this or the previous financial year.

GOVERNANCE DISCLOSURES

Contracts with Senior Officers

Other than normal contracts of employment, no Senior Officers or firms of which Senior Officers are members or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Board.

Insurance premiums paid to indemnify members of the Board

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance paid for 2015/2016 was \$15,769.

OTHER LEGAL DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2016

OTHER LEGAL DISCLOSURES

Unauthorised Use of Credit Cards

Various officers of the Construction Industry Long Service Leave Payments Board hold corporate credit cards for business use only.

There was no personal usage for the 2015/16 financial year.

Compliance with Public Sector Standards & Ethical Codes

(Public Sector Management Act 1994, Section 31 (1))

The Board complies with the provisions of the Public Sector Management Act and has no compliance issues or breaches to report.

Advertising

(Electoral Act 1907, Section 175ZE)

The Board has not incurred any expenditure required to be reported under this section.

Recordkeeping Plan

(State Records Act 2000, Section 61)

The Board is committed to ongoing compliance with the State Records Act 2000 and to sound recordkeeping practices. The Board's Recordkeeping Plan was reviewed in April 2013 and the next review is due in 2018. This is undertaken by an external consultant. New employees receive ongoing training and education on recordkeeping.

Occupational Safety and Health

(Occupational Safety & Health Act 1984)

The Board has developed an Occupational Safety and Health Manual which contains policies and procedures for all workplace related health and safety matters. OSH is a standing agenda item on formal Managers' meetings and this provides a mechanism for consultation regarding OSH matters. The Board places the highest priority on the well-being and safety of its staff at all times and confirms compliance with injury management requirements of the Workers' Compensation and Injury Management Act 1981 (including a formal return to work plan).

The reportable statistics for the year are:

Indicator	Target for 2015/2016	Actual for 2015/2016
Number of fatalities	Zero	Zero
Lost time injury	Zero	Zero
Lost time injury severity rate	Zero	Zero

OTHER LEGAL DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2016

OTHER LEGAL DISCLOSURES (continued)

Disability Access and Inclusion

(Disability Services Act 1993, Section 2)

The Board's information, services available to the public, access to the office and opportunity to make complaints and participate in public consultation are all fully available to people with disabilities.

Corruption Prevention

The Board's policies and procedures relating to the financial management processes it follows, the management of its computer information systems data, its risk management plan, the extensive use of independent external advisors and auditors together with regular Board oversight of operations fosters a strong corporate culture of accountability across the organisation which minimises the risk of misconduct and corrupt behaviour.

Substantive Equality

The Board is an Equal Opportunity Employer and encourages Indigenous Australians, young people, people from culturally diverse backgrounds and women to apply for advertised positions. The Board has an Equal Employment Opportunity Management Plan. The Board is committed to providing its services free from any form of discrimination.

Public Interest Disclosure

(Public Interest Disclosure Act 2003)

Information on the requirements of the Public Interest Disclosure Act 2003 are included in the Induction Checklist for staff. All staff have intranet access to detailed internal procedures and guidelines on lodging disclosures, investigation, reporting and protecting informants.

Freedom of Information

(Freedom of Information Act 1992)

There was one Freedom of Information application received for 2015/16 financial year.

Information Enquiries

Requests for access to documents should be made, in the first instance, to the Board's public counter at Level 3, 50 Colin Street West Perth. Often material may be made available without the need to formalize a request under Freedom of Information. A formal FOI application is required to access documents that are not available as part of the normal course of business.

Receipt of FOI Applications

FOI applications, payments, correspondence and general enquiries should be directed to:

Chief Executive Officer

MyLeave

PO Box 1333

West Perth WA 6872

Telephone: (08) 9476 5400

Facsimile: (08) 9321 5404

Government Policy Requirements

Government Building Contracts

At balance date, there have been no contracts subject to the Government Building Training Policy awarded.

ANNUAL ESTIMATES

The Minister has approved the following Estimates for the 2016/2017 financial year:

Income	\$000
Contribution from employers	50,040
Net investment revenue	30,463
Other Income	89
Total income	80,592
Expenses	
Long service leave payments	41,756
Employee benefits expense	2,011
Supplies and services	1,845
Depreciation and amortisation	104
Finance costs	70
Accommodation expenses	373
Increase in long service leave liability	37,134
Other expenses	758
Total expenses	84,051



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

CONSTRUCTION INDUSTRY LONG SERVICE LEAVE PAYMENTS BOARD

Report on the Financial Statements

I have audited the accounts and financial statements of the Construction Industry Long Service Leave Payments Board.

The financial statements comprise the Statement of Financial Position as at 30 June 2016, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Construction Industry Long Service Leave Payments Board at 30 June 2016 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Board's Responsibility for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Report on Controls

I have audited the controls exercised by the Construction Industry Long Service Leave Payments Board during the year ended 30 June 2016.

Controls exercised by the Construction Industry Long Service Leave Payments Board are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Opinion

In my opinion, in all material respects, the controls exercised by the Construction Industry Long Service Leave Payments Board are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2016.

Board's Responsibility for Controls

The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility for the Audit of Controls

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Construction Industry Long Service Leave Payments Board based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Board complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2016.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Opinion

In my opinion, in all material respects, the key performance indicators of the Construction Industry Long Service Leave Payments Board are relevant and appropriate to assist users to assess the Board's performance and fairly represent indicated performance for the year ended 30 June 2016.

Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility for the Audit of Key Performance Indicators

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the above audits, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Construction Industry Long Service Leave Payments Board for the year ended 30 June 2016 included on the Board's website. The Board's management is responsible for the integrity of the Board's website. This audit does not provide assurance on the integrity of the Board's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 August 2016



*Their Time
to enjoy*

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